

FOR PUBLIC RELEASE



Integrated Country Strategy

Indonesia

FOR PUBLIC RELEASE

Table of Contents

1. Chief of Mission Priorities	2
2. Mission Strategic Framework	4
3. Mission Goals and Objectives	6
4. Management Objectives	12

1. Chief of Mission Priorities

The United States values its relationship with Indonesia, a country of growing strategic and economic importance. Indonesia is increasingly active not only as a leader in ASEAN, but also throughout and beyond the Indo-Pacific region, and we have a strong interest in expanding our cooperation under the U.S.-Indonesia Strategic Partnership.

Having just celebrated the 70th anniversary of U.S.-Indonesian diplomatic ties, our bilateral relationship is characterized by growing government-to-government and people-to-people engagement. Indonesia has made a remarkable, peaceful transition from authoritarianism to democracy since 1998, and it continues to strengthen its institutions of democratic governance, with notable progress in the fight against corruption. While Indonesia has the ability to continue its reforms and strengthen its democracy, the United States stands ready to support Indonesia's advancement of the goals and values we share, including tolerance and pluralism.

In that spirit of partnership, we seek cooperation with Indonesia that promotes international norms and free and fair practices. We welcome Indonesia's growing interest in expanding its regional and global role, in strengthening environmental security, preventing the spread of infectious diseases, and preserving biodiversity.

As Southeast Asia's largest economy with a GDP approaching one trillion dollars, Indonesia is a significant destination for U.S. exports and investment. Although the United States is one of Indonesia's largest investors and trading partners, the business environment remains challenging, and our economic engagement remains below the potential expected of countries of our size. We will encourage Indonesia to open its economy to foster free, fair, and reciprocal trade and investment while promoting sustainable, inclusive growth. We will support Indonesia's efforts to foster innovation, entrepreneurship, and improve the ease of doing business. We will coordinate with like-minded embassies and the private sector to counter protectionist policies that restrict foreign goods, services, and investments and that artificially limit U.S. business opportunity and Indonesian prosperity. We will also encourage Indonesia to take a greater role in global economic forums, such as the G20 and OECD, which can catalyze needed reforms in support of global best practices.

Indonesia has made significant efforts to transform its national defense force into a modern, professional, and externally-focused entity. Indonesia contributes to regional security through support of rules-based frameworks, including in the South China Sea, as well as participation in international peacekeeping operations. We will continue to support Indonesia's law enforcement-led approach to counterterrorism, which has achieved notable success. In addition, we will deepen our working relationships with Indonesian law enforcement agencies,

Approved: August 16, 2018; Updated: January 31, 2020

government bodies, and civil society groups to counter violent extremism; corruption; transnational crime; and illegal, unreported, and unregulated (IUU) fishing.

Building partnerships at all levels is critical to enhancing mutual understanding and trust. We will foster increased collaboration in science and technology to provide greater opportunities for expanding bilateral and peer-reviewed research, and to encourage the use of science in decision-making. We will promote educational and cultural exchanges to grow a constituency with direct experience of the United States to counter unhelpful narratives and overcome a latent suspicion of U.S. motives, policy, and society. This will further promote shared values and approaches, strengthening the appeal of the United States as the partner of choice for Indonesia's future business and government leaders. In particular, our Mission will focus on youth outreach, given that roughly half of the population is under 30 years old and well-connected on social media. We will encourage more Indonesians to study in the United States and more American universities to expand partnerships here. This will provide new openings to expand and diversify student bodies in the United States and prepare Indonesians to compete in the globalized economy of the 21st century.

We share the aspirations of millions of Indonesians who want to live in a society characterized by good governance and the rule of law. In its modern, democratic era, Indonesia has repeatedly held free and fair elections that have reflected the will of its people. Our Mission aims to be a resource and partner for Indonesia as it seeks to build the capacity of law enforcement and the justice sector, increase accountability to the public, and protect human rights, particularly those of minorities and vulnerable groups.

2. Mission Strategic Framework

Mission Goal 1: Increase Economic Engagement and U.S. Prosperity: Indonesia adopts international best practices and policies that foster sustainable economic growth, innovation, and improved market access for U.S. business.

Mission Objective 1.1: Indonesia allows greater market access to U.S. goods and services by reducing barriers to trade and opening more sectors of its economy to foreign investment.

Mission Objective 1.2: Indonesia strengthens cooperation and consultation with U.S. stakeholders and plays a constructive role in international economic forums commensurate with its growing economic importance.

Mission Goal 2: Strengthen Security: Indonesia contributes to regional and international peace and security through modern and professional defense and law enforcement agencies and engaged community support.

Mission Objective 2.1: The Indonesian defense establishment follows civilian leadership and develops externally focused defense capabilities for effective interoperability amongst the services and with the U.S., with prioritized requirements for capability development.

Mission Objective 2.2: Indonesia contributes to regional and international peace and security by countering terrorism and violent extremism.

Mission Objective 2.3: Indonesia's criminal justice sector contributes to regional peace and security by countering domestic and transnational crime through enhanced investigative and prosecutorial capabilities, resources, and inter-agency coordination.

Mission Goal 3: Advance Global Priorities: United States and Indonesia partner to advance a rules-based international order and shared global priorities.

Mission Objective 3.1: Indonesia's foreign policy objectives and actions better align with U.S. foreign policy objectives, and the United States is Indonesia's partner of choice in the Indo-Pacific region.

Mission Objective 3.2: Indonesia assumes a greater global and regional role to protect the environment, promote modern and sustainable energy, improve public health, and other shared priorities. [Incorporates CDCS DO 3: "Global Development Priorities of Mutual Interest Advanced."]

Mission Goal 4: Improve Governance: Indonesia is a strong and pluralistic democracy with effective institutions that support accountability, the rule of law, and the protection of human rights.

Mission Objective 4.1: Indonesia develops and strengthens its democratic institutions and adheres to democratic norms. [Incorporates CDCS DO 1: “Democratic Governance Strengthened.”]

Mission Objective 4.2: Indonesia takes meaningful steps to promote sustained justice-sector reform and respect for rule of law, and to enhance law enforcement and military professionalism and accountability, in order to improve access to justice, and increase citizen confidence. [Incorporates CDCS DO 1: “Democratic Governance Strengthened.”]

Mission Objective 4.3: Indonesia models good governance practices (manifested in public services, public policy, and legal/regulatory framework) to promote the development of a healthy, educated, and skilled population to drive inclusive economic growth. Accordingly, Indonesia increases responsiveness to the public by demonstrating accountability and consistently providing essential services. [Incorporates CDCS DO 2: “Essential Human Services for the Poorest and Most Vulnerable Strengthened.”]

Management Objective 1: Improve workforce performance, efficiency and effectiveness through leadership, engagement and accountability.

Management Objective 2: Identify options for improved Consulate facilities.

3. Mission Goals and Objectives

Mission Goal 1 Increase Economic Engagement and U.S. Prosperity: Indonesia adopts international best practices and policies that foster sustainable economic growth, innovation, and improved market access for U.S. business.

Description and Linkages: Increased economic engagement with Indonesia will strengthen the bilateral strategic partnership launched in 2015 and support U.S. jobs and economic growth. This goal reinforces the 2017 National Security Strategy (NSS) to promote American prosperity as well as the Indo-Pacific strategy to support a free and open trade and investment regime. The State Department's Joint Regional Strategy for East Asia calls for sustained and inclusive growth and prosperity that is driven by open market economic policies, high-standard investment, increased connectivity, inclusive health and education systems, improved natural resource management, and free, fair, and reciprocal trading relationships. As the largest economy in Southeast Asia and the 10th largest in the world based on purchasing power parity with a GDP approaching \$1 trillion, Indonesia is projected to be the world's fourth largest economy in the world by 2050. Indonesia's large population, growing middle class, steady growth—averaging 5.3% (2012-2016)—and rich natural resources make it an attractive market for U.S. investors and exporters. In 2017, Indonesia was the United States' 36th largest export market for U.S. goods and two-way trade reached over \$27 billion. The U.S. goods trade deficit with Indonesia, however, was \$13.3 billion in 2017, with U.S. goods exports to Indonesia reaching \$6.9 billion and U.S. goods imports from Indonesia equaling \$20.2 billion.

Mission Objective 1.1 Indonesia allows greater market access to U.S. goods and services by reducing barriers to trade and opening more sectors of its economy to foreign investment.

Justification: Although the United States is one of Indonesia's largest investors and trading partners, our economic relationship remains well below its potential given the size of Indonesia's economy and population. By comparison, in 2017 the United States exported almost twice as much to neighboring Malaysia as it did to Indonesia even though Malaysia's population is one-eighth the size of Indonesia's. The increasing number and severity of Indonesian trade and investment barriers has significantly increased the uncertainties and risks facing U.S. companies. Import licensing procedures and permit requirements, product labeling requirements, pre-shipment inspection requirements, local content and domestic manufacturing requirements, and quantitative import restrictions impede U.S. exports. In addition, the Indonesian government has adopted measures that impede imports as it pursues the objective of agricultural self-sufficiency. Decentralized decision making processes, legal uncertainties, and powerful domestic vested interests all contribute to Indonesia's complex and difficult investment climate. Moreover, a growing number of U.S. firms have expressed concern about the Indonesian legal system, especially with regards to corruption.

Approved: August 16, 2018; Updated: January 31, 2020

Mission Objective 1.2 Indonesia strengthens cooperation and consultation with U.S. stakeholders and plays a constructive role in international economic forums commensurate with its growing economic importance.

Justification: Indonesia plays an important role in regional and global economic and trade fora. As the largest economy in ASEAN, Indonesia supports increased economic integration and sustainable economic growth. Adopting international best practices and policies that foster sustainable economic growth and innovation will improve market access for U.S. business. Our Mission will also encourage Indonesia to take a more active role in global economic forums, such as the G20, WTO, OECD, APEC and FATF. These forums can serve as valuable tools for catalyzing needed reforms in support of global best practices.

Mission Goal 2 Strengthen Security: Indonesia contributes to regional and international peace and security through modern and professional defense and law enforcement agencies and engaged community support.

Description and Linkages: : At a time of growing assertiveness in Southeast Asian waters and largely unchecked maritime movements of both licit and illicit goods as well as people, including extremists, Indonesia's military and law enforcement agencies must continue to increase their capabilities. In line with the NSS goals of pursuing threats to their source and preserving peace through strength, the U.S. Mission will enhance Indonesia's defense capacity, develop Indonesian law enforcement's ability to respond to terrorist threats, and help Indonesian law enforcement agencies better detect and disrupt maritime and other transnational crimes. This, in turn, will help Indonesia make a greater contribution to regional peace and prosperity, the fight against terrorism, and efforts to address illicit activities by criminal syndicates.

Mission Objective 2.1 The Indonesian defense establishment follows civilian leadership and develops externally focused defense capabilities for effective interoperability amongst the services and with the U.S., with prioritized requirements for capability development.

Justification: A well-managed, maritime-focused, and civilian controlled Indonesian National Defense Force (TNI) is in U.S. interests and will contribute to a free and open Indo Pacific region. Indonesia's inadequate defense posture, management processes, readiness, and joint capabilities currently prevent it from more effectively cooperating with the U.S. Our bilateral defense cooperation, via the Joint Statement on Defense Cooperation of 2015, aims to progressively address these inadequacies while improving mutual trust and understanding in a country that will not be allied with the United States for the foreseeable future. We will continue to deepen our partnership with the Indonesian military to help foster improved defense management and assist in rebuilding capability after years of chronic underfunding. Execution of the INDOPACOM Indonesia Country Engagement Plan and targeted assistance programs will remain critical to correcting TNI's reform trajectory, and deepen our bilateral military relationship.

Approved: August 16, 2018; Updated: January 31, 2020

Mission Objective 2.2 Indonesia contributes to regional and international peace and security by countering terrorism and violent extremism.

Justification: Indonesia's civilian-led law enforcement requires ongoing cooperation and assistance from international partners in order to effectively counter terrorism in Indonesia and the possible regionalization of terrorist groups in Southeast Asia. The lack of comprehensive and systematic information sharing between agencies responsible for border security is a vulnerability as Foreign Terrorist Fighters return from Iraq, Syria, and the Philippines with the skills, know-how, networks, weapons, and access to funding to attempt additional terrorist attacks in Indonesia. The Indonesian Government and civil society need to take action to prevent the spread of violent extremism, particularly through effective management of terrorist prisoners and rehabilitation and reintegration of former terrorist convicts. The online presence of extremist groups requires both enhanced digital literacy education beginning at the junior high school level and programs to amplify the voices of traditional, moderate Indonesian religious leaders including by increasing their digital engagement skills. Poor cooperation between law enforcement and civil society organizations continues to hobble prevention, deradicalization, and reintegration activities. Lastly, targeted programming will help build the analytic and investigative capabilities of police, prosecutors, and judges to detect, disrupt, and enforce laws against terrorist and violent extremists.

Mission Objective 2.3 Indonesia's criminal justice sector contributes to regional peace and security by countering domestic and transnational crime through enhanced investigative and prosecutorial capabilities, resources, and inter-agency coordination.

Justification: With its porous borders, weak law enforcement and endemic corruption, Indonesia struggles to detect and disrupt transnational crime, not least of all maritime trafficking in persons, human smuggling, narcotics, protected wildlife, illegally logged timber, and other contraband. While great strides have been made in recent years in the professionalization of Indonesia's criminal justice sector institutions, serious challenges remain, including the need for enhanced inter-agency collaboration. Enhancing the effectiveness of Indonesia's criminal justice sector institutions contributes not only to respect for rule of law but, ultimately, stability in and around the region's most populous nation.

Mission Goal 3 Advance Global Priorities: United States and Indonesia partner to advance a rules-based international order and shared global priorities.

Description and Linkages: Mission Indonesia will engage with the Indonesian government to deepen our Strategic Partnership in the diplomatic, economic, security, and media realms. This effort directly supports the NSS goals to preserve peace through strength and advance American influence. Through our whole of mission engagement, including effective media and public engagement activities, we seek to highlight to the Indonesian government, civil society organizations, established and emerging leaders and other key stakeholders, the advantages

Approved: August 16, 2018; Updated: January 31, 2020

and benefits of partnering with the United States. As a result, Indonesia's capacity to become an equal partner and regional leader in maintaining regional peace and security will improve. We will encourage Indonesia to become a net contributor to joint initiatives that support the international order and increase regional and global health, economic prosperity including key global priorities of education and skill building for today's global workforce, and security.

Mission Objective 3.1 Indonesia's foreign policy objectives and actions better align with U.S. foreign policy objectives, and the United States is Indonesia's partner of choice in the Indo-Pacific region.

Justification: Indonesia sees itself as a world player and a significant international partner as the world's largest Muslim-majority country and third-largest democracy with the world's fourth-largest population. Indonesia takes pride in its tradition of non-aligned foreign policy, yet Indonesia's democratic transformation at the end of the Cold War has created an environment in which Indonesia's core values -- including democracy, pluralism, and free market economics -- imply support for many foreign policy objectives shared with the United States. The U.S.-Indonesia Strategic Partnership reflects the significant overlap in the two countries' interests, as do Indonesian positions on many high-profile challenges, including countering violent extremism and terrorism. The U.S. and Indonesia share not only common national interests, but also common values, including freedom of religion, freedom of the press, freedom of expression, pluralism, volunteerism, and national mottos; "United in one" (Bhinneka Tunggal Ika) and "From many, one" (E Pluribus Unum). Yet, significant suspicion of U.S. motives persists, drawn from ongoing conspiracy theories, misunderstanding about the United States and its culture, and our motives in countering malign influencers such as the PRC, Russia, and Iran. We envision that our primary effort to increase collaboration with Indonesia on foreign affairs will be through traditional diplomatic exchanges, including regular high-level dialogue, while other forms of exchange can help us to reach similar understandings or interpretations of the events or dynamics that serve as premises in policy formulation processes. Providing first-hand U.S. academic and professional exchange experiences establishes influential Indonesian youth leaders as credible voices to counter negative narratives about the United States and reinforce the United States' commitment to the Indo-Pacific region.

Mission Objective 3.2 Indonesia assumes a greater global and regional role to protect the environment, promote modern and sustainable energy, improve public health, and other shared priorities. [Incorporates CDCS DO 3: "Global Development Priorities of Mutual Interest Advanced."]

Justification: Indonesia is one of the most biologically diverse countries in the world and is one of the 17 global "Megadiversity Countries" that together contain 70 percent of the world's biodiversity. The country's coral reef, tropical forest, and mangrove ecosystems support what is generally recognized as one of the greatest concentrations of biodiversity on earth. However,

Approved: August 16, 2018; Updated: January 31, 2020

decades of resource-driven development in Indonesia has resulted in practices that result in irreparable damage to ecosystems crucial not only to orangutan, tigers, rhinos, elephants, sharks, rays, and other charismatic species, but also to smaller animals and plants endemic to and/or significantly represented in Indonesia and unique to the world. The conversion from forest to industrial plantations is the primary cause of Indonesia's high GHG emissions. The Mission is actively supporting the GOI through a series of technical assistance projects designed to improve land management and governance in high carbon and biodiversity landscapes. These efforts complement Indonesia's strong stake in placing its economy on a lower-emissions pathway curbing deforestation, forest and land fires, and peat land draining that currently make the land use and forestry sector the largest contributor of greenhouse gases. Indonesian policy makers increasingly recognize that climate variability and change will stress development progress through more frequent extreme weather events, such as floods and landslides, and through gradual impacts, such as increased ocean acidity and sea-level rise. Furthermore, the illegal wildlife trade in Indonesia contributes billions of dollars to criminal networks each year, while illegal fishing costs the Indonesian economy an estimated \$5-6 billion, annually--driving both economic losses and threatening global food security. Mission efforts to implement the National Strategy for Combating Wildlife Trafficking will bolster Indonesian law enforcement capacities to conserve globally unique plant and animal species. Continued engagement to support Indonesian efforts to reduce mercury use in artisanal and small-scale gold mining (ASGM) sector, as required under the Minamata Convention on Mercury, can also reduce deforestation rates and promote improved community health outcomes. Continued technical support and capacity building activities to better monitor air quality and promote lower vehicle and industrial emissions will support reductions in air pollution, including transboundary air pollution. Faced with rapid urbanization, the Mission is partnering with the GOI to improve the governance and delivery of essential services particularly around the provision of water and sanitation, as well as electricity. As Indonesia holds a significant share of the global tuberculosis burden, it is a hotspot for emerging infectious diseases and is one of the largest endemic reservoirs of avian influenza, and was the 2016 chair of the Global Health Security Agenda and continues to hold a leadership role, Indonesian progress on disease detection and control is essential to global efforts to reduce the risk of pandemic disease. Indonesia's size and disease burden also make it an important country for U.S. assistance under the President's Emergency Plan for AIDS Relief (PEPFAR) and for development funds spent to combat tuberculosis ([Link to the full USAID Country Development Cooperation Strategy \(CDCS\)](#)).

Mission Goal 4 Improve Governance: Indonesia is a strong and pluralistic democracy with effective governance institutions that support accountability, service delivery, the rule of law, and the protection of human rights.

Description and Linkages: The U.S.-Indonesia Strategic Partnership is built on a foundation of shared democratic values, including freedom of expression, thought, and religion; tolerance; protection of the rights of all citizens, including vulnerable minority groups; the conduct of free and fair elections; and respect for human rights and the rule of law. Deepening relationships

Approved: August 16, 2018; Updated: January 31, 2020

with emerging democratic partners like Indonesia lies at the heart of our Indo-Pacific Strategy, and strengthens the values that underpin global order and prosperity, including fundamental tenets of the NSS such as protecting sovereignty, promoting freedom of the seas, fair and reciprocal trade, and the rule of law.

Mission Objective 4.1 Indonesia develops and strengthens its democratic institutions and adheres to democratic norms. [Incorporates CDCS DO 1: “Democratic Governance Strengthened.”]

Justification: Since the fall of authoritarian President Suharto in 1998, Indonesia has become a democratic success story and a model for other emerging democracies. Indonesians enjoy more freedom and prosperity than at any other time in their history, including direct elections, a flourishing civil society, and a vibrant free press. Nevertheless, these democratic advances cannot be taken for granted; some of Indonesia’s core democratic institutions remain fragile, corruption threatens to erode democratic progress, and key hallmarks of a democracy, including the protection of minority rights, are sometimes inconsistent. Maintaining or increasing our level of engagement will help ensure that Indonesia continues to strengthen its democracy.

Mission Objective 4.2 Indonesia takes meaningful steps to promote sustained justice-sector reform and respect for rule of law, and to enhance law enforcement and military professionalism and accountability, in order to improve access to justice, and increase citizen confidence. [Incorporates CDCS DO 1: “Democratic Governance Strengthened.”]

Justification: Although Indonesia transitioned to democracy in 1998, the country’s law enforcement and justice sector are still undergoing reform.. Public confidence in the police and judicial system is growing, though citizens generally highlight inefficiency, pervasive corruption, and lack of integrity in both institutions. Consistent Mission engagement will both encourage meaningful justice sector reforms and support Indonesian government efforts in this area.

Mission Objective 4.3 Indonesia enacts policies to promote the development of a healthy, educated, and skilled population to drive inclusive economic growth and Indonesia increases responsiveness to the public by demonstrating accountability and consistently providing essential services. [Incorporates CDCS DO 2: “Essential Human Services for the Poorest and Most Vulnerable Strengthened.”]

Justification: Fostering sustainable economic growth in Indonesia begins with unlocking the potential of its citizens. Many poor and vulnerable households (the bottom 40% of the population) lack access to essential services such as quality health care, basic education, clean water and sanitation, and an accountable and service-oriented local government. Indonesia’s health and education indicators have continued to stagnate. A key obstacle Indonesia faces in tackling both child mortality and maternal mortality is inequality in the delivery of health services. These disparities are evident across maternal and child health indicators, which are

Approved: August 16, 2018; Updated: January 31, 2020

correlated to wealth and education. Indonesia has made attempts to address problems of unequal access to health services by introducing a range of social assistance programs, including unconditional cash transfers, rice for the poor, and national social health insurance. However, Indonesia's expenditure on social assistance programs is only 0.5% of its GDP and these attempts to address inequality have met with limited success over time. Maternal mortality has remained high in Indonesia (the highest in the region) at 305/100,000 (2015 GOI data). Just 59% of households have access to improved sanitation, a fact which is strongly linked to rates of diarrheal disease. In addition, while Indonesia has made great strides in advancing access to and the quality of primary education, gross and net enrollment rates drop sharply after junior secondary school with only 58% of students continuing their studies, while the poorest and most vulnerable have almost no access to higher education opportunities. A large unmet need exists in helping Indonesian students make the transition to attend either academic programs to obtain higher level skills or vocational job skills training to effectively enter the workforce. (Link to full CDCS).

4. Management Objectives

Management Objective 1: Improve workforce performance, efficiency and effectiveness through leadership, engagement and accountability.

Justification: Another round of the "Ideas Sessions" was held in December 2019 to gather new ideas from around the Bi-Mission to improve morale and performance. Several themes stood out and Post Management will take the lead on some of these issues. Both dissatisfaction in Health Insurance for our Local Staff and concerns regarding Air Quality for all staff were brought up in the Ideas sessions. Merit Based Compensation will roll out in February 2020, improving the culture of appreciation at the Bi-Mission. Wi-Fi will be activated in the spring of 2020 to enhance and empower a more connected, mobile, and collaborative workforce. Post will continue to strengthen its internal controls as we normalize operations at the NEC.

Management Objective 2: Identify options for improved Consulate facilities.

Justification: Management will focus its support to the consulate and consular agency facilities on achieving the identification of an appropriate location, approval, procurement, and move into safe and secure premises for a new Consulate Compound (NCC) in Medan, Consular Agency Denpasar office, and the Consulate General Surabaya principal officer residence. Consulate Medan and Consular Agency Denpasar are currently in premises not meeting DOS security standards and Consulate Medan's existing premises cannot meet the OSHA approval standard for renewing the lease. The new CG Surabaya residence is currently undergoing security and seismic improvements and is pending final DS and OBO clearances for occupancy.